

Decision 01-06-061 June 28, 2001

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Emergency Application of Pacific Gas and  
Electric Company For An Immediate Finding Of  
A Gas Supply Emergency and an Order Directing  
Southern California Gas Company To Provide  
Mutual Assistance. (U 39 G)

Application 01-01-024  
(Filed January 18, 2001)

**OPINION DISMISSING PACIFIC GAS AND ELECTRIC COMPANY'S  
EMERGENCY APPLICATION**

**(See Appendix A for List of Appearances.)**

**OPINION DISMISSING PACIFIC GAS AND ELECTRIC COMPANY'S  
EMERGENCY APPLICATION**

On January 18, 2001, PG&E filed an “emergency application” seeking a Commission order finding that an imminent natural gas supply emergency exists in PG&E’s service territory, and for an order directing Southern California Gas Company (SoCalGas) to provide mutual assistance to supply PG&E with core gas supplies.

SoCalGas filed a protest to the application, a supplement to the protest, and a second supplement to the protest. A protest was also filed by the Southern California Generation Coalition. Responses to the application were filed by the California Independent Petroleum Association, the City of Palo Alto, and Shell Energy Services, LLC. PG&E filed a reply to the protests and responses. Permission was also given to the Coalition of California Utility Employees, and to The Utility Reform Network to file reply comments.

On February 14, 2001, an Administrative Law Judge’s ruling was issued noticing a hearing for February 16, 2001. Witnesses for PG&E and SoCalGas testified at that hearing. The purpose of the hearing was to gain a better understanding of PG&E’s gas supply situation, and to obtain information regarding SoCalGas’ ability to provide mutual assistance.

The Commission noticed on its February 8, 2001 meeting agenda that it planned to take action on PG&E’s application. The Commission subsequently postponed action on the application, and held off action on the application because of then ongoing negotiations between PG&E and the Governor’s office regarding the electricity crisis, and PG&E’s efforts to secure sufficient gas supplies.

With the Commission's adoption of Decision (D.) 01-01-062, as modified by D.01-02-050, PG&E was given the ability to pledge its gas accounts receivable as collateral to its gas suppliers. PG&E was able to negotiate a security agreement with several gas suppliers, and PG&E was also able to prepay for some additional quantities of gas. Although the number of gas suppliers willing to sell to PG&E has been reduced, the remaining suppliers have been willing to sell enough gas to meet the needs of PG&E's core customers.

On April 6, 2001, PG&E filed for bankruptcy. On that same day, PG&E filed for authority under the Bankruptcy Code to incur secured debt to the gas suppliers that continue to sell gas on credit to PG&E in accordance with the terms of the security agreement. The Bankruptcy Court approved that motion on April 9, 2001. As a result, PG&E states that several suppliers remain willing to sell substantial gas volumes to PG&E to meet core customer needs.

On April 30, 2001, PG&E filed a motion to withdraw its application. PG&E states in the motion that, in the near term, it does not appear that it will require emergency assistance from SoCalGas. However, since a large percentage of the gas supplied to PG&E's Core Procurement Department is purchased from only a small group of companies, the unwillingness of any one of these suppliers to sell gas could affect service to PG&E's core customers, which might necessitate the need for another application seeking assistance from SoCalGas. PG&E therefore requests that the Commission grant its motion to withdraw its application without prejudice.

No one filed any response to PG&E's motion to withdraw its application. Since PG&E no longer requires the assistance of SoCalGas to provide mutual assistance gas, and because no one has objected to PG&E's motion to withdraw its application, there is no need to address the issues pertaining to the relief

requested by PG&E in its application. Therefore, PG&E's motion to withdraw its application should be granted, and the application should be dismissed without prejudice.

The proposed decision was mailed to the parties on May 29, 2001 for comment. No one filed any comments to the proposed decision.

### **Findings of Fact**

1. PG&E filed its application on January 18, 2001, which seeks, among other things, an order directing SoCalGas to provide mutual assistance to supply PG&E with core gas supplies.

2. Protests, responses, and replies to the application were filed.

3. A hearing was held on February 16, 2001.

4. Although the Commission first noticed that it would take action on the application at its February 8, 2001 meeting, action on the application was postponed due to ongoing negotiations, and PG&E's efforts to secure sufficient gas supplies.

5. On April 6, 2001, PG&E filed for bankruptcy and for authority to incur secured debt to the gas suppliers who continue to sell gas on credit to PG&E in accordance with the terms of a security agreement.

6. On April 9, 2001, the Bankruptcy Court approved PG&E's request to incur secured debt to its gas suppliers.

7. Several gas suppliers remain willing to sell substantial gas volumes to PG&E to meet core customer needs.

8. On April 30, 2001, PG&E filed a motion to withdraw the application without prejudice.

9. No one filed any response to PG&E's motion to withdraw its application.

**Conclusions of Law**

1. Since PG&E no longer requires the assistance of SoCalGas to provide mutual assistance gas, and because no one has objected to PG&E's motion to withdraw its application, there is no need to address the issues pertaining to the relief requested by PG&E in its application.
2. PG&E's motion to withdraw its application should be granted, and the application should be dismissed without prejudice.

**O R D E R**

1. The April 30, 2001 motion of Pacific Gas and Electric Company to withdraw Application (A.) 01-01-024 is granted.
2. A.01-01-024 is dismissed without prejudice.
3. This proceeding is closed.

This order is effective today.

Dated June 28, 2001, at San Francisco, California.

LORETTA M. LYNCH  
President  
HENRY M. DUQUE  
RICHARD A. BILAS  
CARL W. WOOD  
GEOFFREY F. BROWN  
Commissioners

## **APPENDIX A**

### **List of Appearances**

**Applicant:** Frank R. Lindh and Randall J. Litteneker, Attorneys at Law, for Pacific Gas and Electric Company.

**Interested Parties:** Goodin MacBride Squeri Ritchie & Day LLP, by Jeanne M. Bennett, Attorney at Law, for Wild Goose Storage, Inc.; Matthew Brady, by Matthew Brady, Attorney at Law, for DGS; Marcel Hawiger, Attorney at Law, for The Utility Reform Network; Davis Wright Tremaine LLP, by Lindsey How-Downing, Attorney at Law, for Calpine Corporation; Luce Forward Hamilton & Scripps, LLP, by John W. Leslie, Attorney at Law, for Shell Energy Services; Davis Wright Tremaine, LLP, by Edward W. O'Neill, Attorney at Law, for El Paso Natural Gas Company; Anderson & Poole, by Edward G. Poole, Attorney at Law, for California Independent Petroleum Association; and Sempra Energy, by Judith L. Young and David B. Follett, Attorneys at Law, for Southern California Gas Company.

**Office of Ratepayer Advocates:** R. Mark Pocta.

**Energy Division:** Sarita Sarvate.